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Italy

Tomatoes and Products

Annual

2006

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Report Highlights:

Italian processed tomato sector is facing problems due to high stocks accumulated in 2004. Anticipated deliveries during the 2006/2007 season are expected to decrease by about 500,000 tons from the previous year, because of low margins.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Table of Contents

Background	3
Policy	3
PS&D AND TRADE MATRICES FRESH TOMATOES	4
PS&D AND TRADE MATRICES TOMATO PASTE	5
PS&D AND TRADE MATRICES CANNED TOMATOES.....	7

Background

After a poor harvest in 2003, Italian tomato production rebounded in 2004 and 2005 due to very good weather conditions and a substantial increase in planted area. This resulted in high stock levels and low market prices for processed products, which are likely to affect the current campaign.

Prior to the beginning of the 2006 campaign, farmers and processors struggled to reach the yearly agreement for volume and price. The deadline for signing the agreement had to be postponed from February 15th to February 28th. According to the agreement signed in February, farmers were to deliver about 5.5 million tons of fresh product, but it is reasonable to expect deliveries in the area of 4.8 million tons. This is about 500,000 tons less than in 2005, but still well above the 4.35 million ton ceiling granted to Italy by the EU's Common Market Organization for tomato products.

Since Italy exceeded the ceiling for the last three years, the EU payment to farmers will be reduced this year from 34.51 euro per ton delivered to 30.43 euro per ton delivered. In addition, between 2003 and 2006 the base price for fresh tomatoes delivered to the processing plant decreased from 45 to 39 euros per ton.

	2003	2004	2005	2006
Base price (Euro/ton)	45	50	41	39
EU payment (Euro/ton)	34.51	34.51	34.51	30.43

Payments to farmers are set by agreement between farmers and industry, with adjustments to the base price for quality parameters. According to industry sources, when the yield per hectare is higher (i.e. above 65 tons per hectare), income to farmers barely covers production costs. As a result, future planted acreage is likely to be reduced.

Policy

Italian farmer organizations have expressed concerns about the upcoming reform of the EU Common Market Organization for the Fruit and Vegetable sector. They believe that a reform to a single farm payment based on historical payments, similar to the one adopted for arable crops, would not be good for the sector. Two issues complicate the situation for the sector. First, there continues to be a difficult relationship between farmers and the processing industry and second, transportation costs remain an important factor. Since fresh fruits usually have to travel long distances from the field to the processing plant, these costs can be significant.

PS&D AND TRADE MATRICES FRESH TOMATOES

PSD Table

Country	Italy						
Commodity	Fresh Tomatoes						(HA)(MT)
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official	Estimate	USDA Official	Estimate	USDA Official	Estimate	New
Market Year Begin	01/2004		01/2005		01/2006		MM/YYYY
Plnt For Fresh Consump	30000	24210	30000	23646	0	23000	(HA)
Plnt For Processing	90000	112893	77500	107163	0	96000	(HA)
TOTAL Area Planted	120000	137103	107500	130809	0	119000	(HA)
Harv. For Fresh Cons.	29000	22000	22500	22500	0	22500	(HA)
Harv. For Processing	88179	90000	79000	76000	0	68000	(HA)
TOTAL Area Harvested	117179	112000	101500	98500	0	90500	(HA)
Fresh Sale Production	132627	830011	132627	764661	0	75000	(MT)
Processing Production	6300000	6300000	5200000	5300000	0	4800000	(MT)
TOTAL Production	6432627	7130011	5332627	6064661	0	4875000	(MT)
TOTAL SUPPLY	6432627	7130011	5332627	6064661	0	4875000	(MT)

Country Italy

Commodity Fresh Tomatoes

Time Period	Year	Units:	MT
Exports for:	2004		2005
U.S.		U.S.	
Others		Others	
Germany	54095	Germany	43870
Austria	13061	Austria	11305
UK	7218	UK	7237
France	5184	France	6327
Slovenjia	4935	Slovenjia	5309
Netherlands	3142	Netherlands	3642
Denmark	3169	Denmark	3218
Total for Others	90804		80908
Others not Listed	18323		10967
Grand Total	109127		91875

Country Italy**Commodity** Fresh TomatoesTime Period **Year** Units: **MT**Imports for: **2004** **2005**U.S. **U.S.**

Others Others

Spain	31151	Spain	34213
Netherlands	30928	Netherlands	34714
France	10354	France	13428
Belgium	2608	Belgium	2707

Total for Others 75041 85062

Others not Listed **10117** **14261**

Grand Total 85158 99323

PS&D AND TRADE MATRICES TOMATO PASTE**PSD Table****Country**

Italy

Commodity**Tomato Paste, 28-30% TSS B** (MT)(MT, Net Weight)

	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [	Estimate[NA	Official [	Estimate[NA	Official [	Estimate[New]	
Market Year Begin	07/2004		07/2005		07/2006	MM/YYYY	
Deliv. To Processors	1834700	1834700	1514356	2000000	0	1820000	(MT)
Beginning Stocks	93599	93599	130486	130486	59486	137124	(MT, Net Weight)
Production	350000	350000	289000	360000	0	330000	(MT, Net Weight)
Imports	178705	178705	130000	127463	0	120000	(MT, Net Weight)
TOTAL SUPPLY	622304	622304	549486	617949	59486	587124	(MT, Net Weight)
Exports	416818	416818	415000	405825	0	410000	(MT, Net Weight)
Domestic Consumption	75000	75000	75000	75000	0	75000	(MT, Net Weight)
Ending Stocks	130486	130486	59486	137124	0	102124	(MT, Net Weight)
TOTAL DISTRIBUTION	622304	622304	549486	617949	0	587124	(MT, Net Weight)

Country Italy**Commodity** Tomato Paste,28-30% TSS BasisTime Period **Year** Units: **MT**Exports for: **2004** **2005**

U.S. U.S.

Others Others

Germany	98688	Germany	104769
France	29154	France	25982
Ghana	31449	Ghana	27933
UK	20479	UK	18407
Togo	21170	Togo	20506
Nigeria	25551	Nigeria	8790

Total for Others 226491 206387

Others not Listed **195914** **199438**

Grand Total 422405 405825

Import Trade Matrix

Country Italy**Commodity** Tomato Paste,28-30% TSS BasisTime Period **Year** Units: **MT**Imports for: **2004** **2005**U.S. **5893** U.S. **4633**

Others Others

China	157181	China	98026
Greece	9073	Greece	13314
Spain	3220	Spain	7418

Total for Others 169474 118758

Others not Listed **3400** **4072**

Grand Total 178767 127463

PS&D AND TRADE MATRICES CANNED TOMATOES

PSD Table

Country	Italy						
Commodity	Tomatoes, Canned						
	(MT)(MT, Net Weight)						
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [	Estimate[1]	A Official [	Estimate[1]	A Official [	Estimate[New]	
Market Year Begin	07/2004			07/2005		07/2006	MM/YYYY
Deliv. To Processors	3300000	3300000	2723810	2300000	0	2085000	(MT)
Beginning Stocks	410000	410000	816709	884000	779209	756500	(MT, Net Weight)
Production	2000000	2000000	1700000	1380000	0	1250000	(MT, Net Weight)
Imports	3062	3062	2500	3148	0	3100	(MT, Net Weight)
TOTAL SUPPLY	2413062	2413062	2519209	2267148	779209	2009600	(MT, Net Weight)
Exports	796353	729018	940000	710000	0	710000	(MT, Net Weight)
Domestic Consumption	800000	800044	800000	800648	0	800000	(MT, Net Weight)
Ending Stocks	816709	884000	779209	756500	0	499600	(MT, Net Weight)
TOTAL DISTRIBUTION	2413062	2413062	2519209	2267148	0	2009600	(MT, Net Weight)

Export Trade Matrix

Country	Italy			
Commodity	Tomatoes, Canned			
Time Period	Year	Units:	MT	
Exports for:	2004		2005	
U.S.	75669	U.S.	76546	
Others		Others		
UK	152993	UK	152422	
Germany	136943	Germany	125289	
France	62110	France	63211	
Belgium	37018	Belgium	28305	
Australia	22939	Australia	30336	
Netherlands	18376	Netherlands	21633	
Switzerland	18411	Switzerland	13807	
Canada	15175	Canada	15966	
Total for Others	463965		450969	
Others not Listed	189384		183388	
Grand Total	729018		710903	